

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:

WORLEY & OBETZ, INC., et al.

Debtor.

Chapter 7

Case No. 18-13774 (REF)
(Jointly Administered)

**GLOBAL NOTES, METHODOLOGY AND SPECIFIC
DISCLOSURES REGARDING THE DEBTORS' SCHEDULES OF
ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS**

Introduction

Worley & Obetz, Inc. and its affiliated debtors, as debtors in the above-captioned chapter 7 cases (collectively, the “Debtors”), with the assistance of their counsel, have filed their respective Schedules of Assets and Liabilities (the “Schedules”) and Statements of Financial Affairs (the “Statements”) with the United States Bankruptcy Court for the Eastern District of Pennsylvania (the “Bankruptcy Court”), pursuant to section 521 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 1007 of the Federal Rules of Bankruptcy Procedure.

Mr. Joel Hagaman has signed each of the Schedules and Statements. Mr. Hagaman is the former treasurer of the Debtors and an authorized signatory for each of the Debtors. In reviewing and signing the Schedules and Statements, Mr. Hagaman has relied upon the efforts, statements and representations of various personnel formerly employed by the Debtors. Mr. Hagaman has not (and could not have) personally verified the accuracy of each statement and representation contained in the Schedules and Statements, including statements and representations concerning amounts owed to creditors.

These Global Notes, Methodology and Specific Disclosures Regarding the Debtors’ Schedules of Assets and Liabilities and Statements of Financial Affairs (the “Global Notes”) pertain to, are incorporated by reference in and comprise an integral part of all of the Debtors’ Schedules and Statements. The Global Notes should be referred to and reviewed in connection with any review of the Schedules and Statements.

Global Notes and Overview of Methodology

Reservation of Rights. Nothing contained in the Schedules and Statements shall constitute a waiver of the Debtors’ or Trustee’s rights or an admission with respect to the chapter 7 cases, including any issues involving substantive consolidation, equitable subordination, defenses and/or causes of action arising under the provisions of chapter 5 of the Bankruptcy Code and any other relevant non-bankruptcy laws.

Description of Cases and “As of” Information Date. On June 6, 2018 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 7 of the Bankruptcy Code. On June 19, 2018, the Bankruptcy Court entered an order directing procedural consolidation and joint administration of the Debtors’ chapter 7 cases.

The Debtors have presented the income/loss, asset values, and liabilities as they appeared as of the Petition Date. Procedures were, and are in place to clearly delineate pre-petition and post-petition liabilities. Consequently, the assets and liabilities, as presented, are reflective of the pre-petition liabilities as of the Petition Date.

Basis of Presentation. The Schedules and Statements do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States, nor are they intended to be fully reconciled with the financial statements of each Debtor. Additionally, the Schedules and Statements contain unaudited information that is subject to further review and potential adjustment, and reflect the Debtors’ reasonable best efforts to report the assets and liabilities of each Debtor on an unconsolidated basis.

Accuracy. While every effort has been made to file complete and accurate Schedules and Statements, inadvertent errors and/or omissions may exist. The Debtors reserve all rights to amend their Schedules and Statements as necessary and appropriate.

Current Market Value. Unless otherwise indicated, the Debtors’ Schedules and Statements reflect net book values as of Petition Date, rather than current market values, of the Debtors’ interests in property. Additionally, because the book values of assets such as patents, trademarks and copyrights may materially differ from their fair market values, they are listed as undetermined amounts as of the Petition Date.

Claims Designations. Any failure to designate a claim on the Debtors’ Schedules and Statements as “disputed,” “contingent” or “unliquidated” does not constitute an admission by the Debtors that such amount is not disputed, contingent, or unliquidated. The Debtors reserve the right to dispute any claim reflected on the Schedules or Statements on any grounds, including, but not limited to, amount, liability or classification, or to otherwise subsequently designate such claims as “disputed,” “contingent,” or “unliquidated.” In addition, the Debtors reserve the right to amend any claim to reflect invoices that have not been received or booked for goods or services provided before the Petition Date.

Claim Amounts. Certain of the Schedules and Statements list creditors and set forth the Debtors’ estimates of the claims of creditors as of the Petition Date. The Bankruptcy Court has authorized the Debtors to, among other things, honor certain pre-petition customer obligations; pay certain pre-petition governmental obligations and taxes; and pay certain pre-petition employee wage and benefit obligations. As a result, the actual unpaid claims of creditors that ultimately may be allowed in these cases may differ from the amounts set forth in the Schedules and Statements.

Insiders. For purposes of the Schedules and Statements, the Debtors define “insiders” pursuant to section 101(31) of the Bankruptcy Code as: (a) directors; (b) officers; (c) shareholders

holding in excess of 5% of the voting shares; (d) relatives of directors, officers or shareholders of the Debtors (to the extent known by the Debtors); and (e) debtor/non-debtor affiliates, (f) an affiliate, or an insider of an affiliate as if such affiliate were the debtor. Persons listed as “insiders” have been included for informational purposes only.

The Debtors do not take any position with respect to: (a) such person’s influence over the control of the Debtors; (b) the management responsibilities or functions of such individual; (c) the decision-making or corporate authority of such individual; or (d) whether such individual could successfully argue that he or she is not an “insider” under applicable law, including the federal securities laws or with respect to any theories of liability or for any other purpose.

Executory Contracts. Although the Debtors made diligent attempts to attribute an executory contract to its rightful Debtor, in certain instances, the Debtors may have inadvertently failed to do so. Accordingly, the Debtors reserve all of their rights with respect to the named parties of any and all executory contracts.

Causes of Action. Despite their reasonable efforts to identify all known assets, the Debtors may not have set forth all of the causes of action or potential causes of action against third parties as assets in the Schedules and Statements, including, but not limited to, avoidance actions arising under Chapter 5 of the Bankruptcy Code and actions under other relevant non-bankruptcy laws to recover assets. The Debtors reserve all rights with respect to any claims, causes of action or avoidance actions they may have, and these Global Notes shall not be deemed to waive any such claim, causes of action or avoidance actions or in any way prejudice or impair the assertion of such claims.

Global Notes Control. In the event that the Schedules and Statements differ from the foregoing Global Notes, the Global Notes shall control.

Currency. Unless otherwise indicated, all amounts are reflected in U.S. dollars.